

**Iowa Telecommunications & Technology Commission
Grimes State Office Building, 1st Floor
400 E. 14th Street, Des Moines, IA 50319**

FINAL

September 18, 2014

To ensure the most efficient use of State resources, the September 18, 2014 ITTC meeting was held via video conference pursuant to Iowa Code section 21.8. A video conference also ensured more Commissioners were able to participate in the meeting and reduced the risk of delays caused by weather or other impediments to travel. The meeting was accessible to members of the public through attendance at the Grimes State Office Building.

Commissioners Present

Richard Bruner, Chair (on site)
Kathleen Kohorst, Member (on site)
Mary Mosiman, Ex-Officio Member (on site)
Tim Lapointe, Member (via videoconferencing Mason City)
Kelly Dolan Lange, Member (on site)

Commissioners Absent

Mary Sellers, Member

Iowa Communications Network Staff Present:

Ric Lumbard, Acting Executive Director, Network Operations and Engineering Director
Mark Johnson, Administration Director
Deb Evans, Chief Financial Officer
Philip Groner, Business Services Manager
David Marley, Network Operations and Engineering Manager
Helen Troyanovich, Product Engineering and Delivery Manager
Mike Cruise, Finance Manager
Jontell Harris, Government Relations Director
Lori Larsen, Communications Director
Marcia Page, Executive Secretary
Karen Alessio, Secretary (Recorder/Minutes)

Guests:

Sean Cory, CenturyLink
Anna Hyatt-Crozier, House Democratic Research Staff

Call to Order

Chair Bruner called the meeting to order at 10:29 a.m. It was noted that a quorum of members was present for the meeting.

Approval of August 20, 2014 Meeting Minutes

Commissioner Dolan Lange moved to approve the August 20, 2014 Iowa Telecommunications and Technology Commission (ITTC) minutes as written. Commissioner Kohorst seconded the motion. The minutes were approved unanimously.

Commissioner Kohorst – Yes
Commissioner Dolan Lange – Yes
Commissioner Lapointe – Yes
Commissioner Bruner – Yes

Old Business:

Network Managed Services Request (RFP) Update – Mark Johnson

An "Intent to Award" letter has been issued to FiberUtilities Group (FG) followed by a contract draft. FiberUtilities Group has responded with comments and suggestions regarding the draft. ICN is in the process of reviewing the comments and making the necessary adjustments, anticipating a response back to FG by next week. Negotiations to finalize the agreement should occur shortly after. ICN will follow-up with a meeting with the FG.

Discussion

Q: Commissioner Bruner – Has there been a follow-up Request for Proposal (RFP) on the "Locate" Services?

A: Mark Johnson – That has not been released but should be shortly.

Q: Commissioner Bruner – That should be completed by the end of the year?

A: Mark Johnson – Yes, that RFP should be completed by the end of the year.

FirstNet Update – Ric Lumbard

The FirstNet process in the State of Iowa is advancing quickly; however, it could be a lengthy process. FirstNet is anticipating ten years before most states are able to implement fully and integrate at the necessary level. In March, the FirstNet Board Members met with ICN and ICN presented its roles and responsibilities effort. ICN has been working through many processes. In August, the FirstNet Technical staff from Boulder, Colorado reviewed ICN's infrastructure and visited Joint Forces Headquarters (JFHQ). At the end of September, Ric Lumbard and Chief Information Officer (CIO) Bob von Wolffradt will meet with the FirstNet Broadband Committee. The State Initial Consultation process will take place November 18, 2014. Contingents from FirstNet will meet at the Embassy Suites in Des Moines, approximately 50 Public Safety service providers from the State of Iowa will be in attendance. The Public Safety service providers will work through the comprehensive consultation process with the FirstNet team. It is not anticipated that anything will transpire after the State Initial Consultation visit until the first of next year. At that time, FirstNet will present the Governor with a notice of the completion of the RFP process; the details of the proposed plan and the funding level for the state. The Governor will have 90 days to choose whether to participate in the plan provided by FirstNet or conduct its own deployment of a Radio Access Network (RAN). If the Governor decides to opt out, then he is required to notify FirstNet, National Telecommunications & Information Administration (NTIA) and the Federal Communications Commission (FCC). After providing the notification, the Governor has 180 days to develop and complete an RFP for the construction, maintenance and operation of the RAN within the State. Phase two of the process will be launched if the Governor decides to accept the FirstNet Plan. That will begin the development stages for Request for Information (RFI), RFP and the design process.

Discussion

Q: Commissioner Bruner – Recognizing that 50 states have different timelines, if Iowa is in a region that is ahead of schedule will that be a consideration for FirstNet to begin the process in a more timely manner?

A: Ric Lumbard – Timing will depend on the State's readiness. ICN has already met with FirstNet and it was agreed that Iowa is primed for the state consultation. Iowa is the fourth state to begin the consultation process behind Maryland, Minnesota and Washington State. Iowa is the first state in the Federal Emergency Management Agency (FEMA) region to go through consultation. (Editor's note: Iowa will be the seventh state as three states have recently been scheduled ahead of Iowa's October consultation date.)

New Business:

2014 Customer Survey Overview – Lori Larsen

The 2014 ICN Customer Survey indicated satisfaction rankings in the high 80% and 90% ranges for telecommunications services and customer service provided by the ICN. The agency set a target of 85% satisfaction, which provides a performance goal for the State of Iowa's Accountable Government Act. A total of 551 surveys were completed. ICN modified the length of the survey from years past by combining questions into a matrix format. Some of the findings include:

- Almost 92% of those responding to the Overall satisfaction question were either somewhat satisfied or very satisfied with the overall satisfaction of services received from the ICN.
- Just over 81% indicated that the value of ICN services was either of excellent or good value.

- In rating the satisfaction of services, seven of the ten options calculated a satisfaction score to be over 90%, which include: Internet, Desktop Telephone Sets, Long Distance, and Ethernet.
- When evaluating agency attributes, all percentages were in the 80% or higher range, with the exception of one area of 'proactively provide assistance' which received a 79.2%. Overall Agency Performance was 91.12%. Attributes with a 90 percent or higher include: quality of responses to questions/concerns, knowledge level of ICN personnel, professionalism, responsiveness, & service met user objectives.

The survey was distributed to the management team, staff, and is also posted on the ICN website. For future customer surveys ICN leadership would like to incorporate forward thinking questions to help recognize what customer needs are in the present time and future.

ICN is also beginning to test a survey mechanism that is embedded in its closed Request for Services (RFS) and closed Support Request (SR) emails that are sent to customers. The goal with this survey is to receive more timely feedback from users. Testing began on Sept 16 with the closed RFS email.

Discussion

Q: Commissioner Kohorst – How does ICN define customers? Many agencies, organizations and districts are using Electronic Document Management System (EDMS). By using EDMS many people are utilizing ICN's services and becoming customers, and becoming interested in other services that the ICN provides.

A: Lori Larsen - The ICN can definitely incorporate more users and customers. Currently, ICN receives customer emails from the Management Staff and Account Consultants.

A: Phil Groner – The authorized users of the Network are ICN's customers. There are authorized uses of the Network. For example, when the network is used by an attorney for EDMS, that is considered an authorized use of the Network even though the user may not be an authorized user, that being a code definition. **Commissioner Bruner** – A highlight of the Customer Survey was the knowledge level of the ICN personnel and professionalism at 94%.

Q: Commissioner Lapointe – It is nice to see positive feedback, however, some of the comments from the Customer Survey are concerning. Perhaps there is a misconception that the ICN offers just a video room for services. Can ICN make improvements regarding that area?

A: Ric Lombard – There is a legacy perception about the use and functionality of the ICN classrooms. Two aspects that need to be addressed:

- Sending survey's to only users of ICN's services. The survey may be requesting feedback from those who do not have the experience or knowledge to answer the questions.
- ICN's messaging needs to be upgraded. ICN is currently launching a process of communicating a clear and concise message for the ICN, deliberately defining who ICN is by intentional messaging.

A factor that is occurring in the school districts is that the educational space is at a premium, causing schools to value educational teaching space. Rooms once being used for video are now being used for teaching space. ICN's Account Consultants are reinstalling value and purpose concerning the video classrooms.

Q: Commissioner Bruner: Are the new ICN services being offered desktop friendly and more mobile than a traditional classroom?

A: Ric Lombard – ICN's new models and offerings are not only desktop friendly but mobile video units where they could use multi-purpose video. Initially, when ICN first tested the Internet Protocol (IP) video, it began as a carted system, not a permanent install and ICN wanted to make certain those schools had options. Hiring an Integrator to upgrade a video room is extremely expensive and may not be within their budget trajectory, so ICN has to come up with additional options for the schools to increase that value.

Finance Update – Mike Cruise

Highlights were discussed from the *Fiscal Year (FY) ending June 30, 2014* handout. Cash for Operations and cash after Equipment Expenditures is strong at \$1.9 million. Favorable-to-budget is high as opposed to last year's budget since the Broadband Technology Opportunities Program (BTOP) has been completed, resulting in the Data Revenue being booked into Operations. Data from the Actual column list Cash from Operations at \$6.3 million dollars which is a result of the BTOP connections. Under the Other Services and Installations column, \$1.1 million from cash from Operations is listed. This is somewhat misleading as a

result of billables from the prison upgrades in Fort Madison and Mitchellville. The majority of that expense is shown in the Equipment Expenditures. ICN had a Gross Margin of 72.2% with a budget of 68.8%.

Highlights moved to the *Fiscal Year ended August 31, 2014* handout. ICN is showing a negative cash flow of \$352,000 which is normal this time of year since schools are not in session. Revenue begins to generate in September and October once school begins and continues throughout the year. Outside Plant Expense is over budget due to the high expense of the Interstate 29 (I-29) relocation project. Over \$300,000 in expenses was booked in August for this project but not budgeted.

Action – Approval of FY 16 Video Rates – Phil Groner

ICN is recommending keeping the Moving Picture Experts Group (MPEG) video rates the same as FY 16. ICN request that those rates remain the same, no adjustments up or down on any category with MPEG rates. ICN received a recommendation from the Educational Telecommunications Council (ETC) requesting that MPEG rates remain the same. Phil discussed the ETC and ICN involvement. The ETC meets biannually, the Regional Telecommunications Council (RTC)'s report to the ETC and meet on a quarterly basis. The ICN is actively involved with the ETC attending annual meetings presenting updates on progress on projects, status and Legislative issues. Over the last two years ICN has been very active with ETC as the ICN was managing the appropriation supporting the RTCs. That interaction has subsided as the Department of Education (DOE) now administers that budget.

Business Services received customer feedback through Account Consultants (AC's) regarding IP video. Not in the area of video rates as the customer comments were not subject to cost but the service they received. Room use is an issue as is moving the video to a desktop and getting a solid service output for mobile use through iPads and other tablets

The document labeled *IP Video Rates Fiscal Year 2016* was discussed. The Commission and ICN revisit video rates yearly. The only change for IP video is the optional Codec Lease Program. It was discovered that the contract that ICN based the pricing on was no longer valid, therefore ICN could not reacquire a contract at rates those leases were based on at those price points any longer. The problem resulted in setting prices for the coming Fiscal Year, however, the customers purchased from the leases and ICN could not purchase the codec for that price.

Models and series of codec's change frequently it becomes difficult to stay abreast of all model revisions and different product offerings that this particular Polycom Vendor offered. ICN is requesting to consolidate the list and make it more generic instead of having specific model numbers. Also, offer the same service but on an individual case basis. Should a customer seek the ICN to lease the codec, ICN will acquire a price at that time from several Vendors through procurement, providing that customized price back to the customer.

ICN is recommending sun-setting the MPEG Video Product by June 30, 2018. That will represent a 25 year span from the first time an MPEG video was lit and active on the Network. This does not mean the ICN cannot move all the MPEG video out of the Network prior to June 30, 2018. There are many reasons why the ICN is sun setting MPEG video. ICN has outgrown the technology, IP video and the mobility platforms that ICN owns surpassed the MPEG technology, the MPEG usage continues to decline as IP usage increases and is no longer able to support the systems that are available. ICN has not added an MPEG site to the Network for the past four years. As sites come off the Network, they are currently being replaced with IP video. ICN is planning on replacing roughly 200 sites yearly. This would result in a three-fold plan:

1. Some sites will be lost to attrition.
2. Changing to Video @Lightspeed, which is currently being marketed, converting customers who are using the MPEG platform.
3. Video Managed Services Contract. This new Contract will dynamically change how the ICN operates on video conferencing. This change is expected within the next 12 months, allowing the ICN to change our video through that endeavor as well.

With that timeframe, it gives the ICN time to provide our customers with a couple budget cycles. Giving customers opportunities to plan that into budgets and forecast what they may need and ICN can assist our

customers with that process. Next September, ICN will recommend a price increase on MPEG to encourage our customers to transition from the MPEG platform to the IP platform. In 2016, when the Commission sets rates for the final year of the MPEG platform, a price increase will be recommended. This would continue to encourage the last remaining MPEG platform customers to the IP platform.

Commissioner Kohorst moved to approve the FY 2016 IP Video Rates as presented. Commissioner Dolan Lange seconded the motion. The motion was approved unanimously.

Commissioner Kohorst – Yes
Commissioner Dolan Lange – Yes
Commissioner LaPointe – Yes
Commissioner Bruner - Yes

Discussion

Mark Johnson reminded the Commission that video service from the beginning has been a subsidized service. Originally, the Legislature provided the subsidization through an appropriation. When that was eliminated, the Legislature requested that ICN continue to provide the service at a subsidized rate. When rates are increased over the next few years, it will not simply be to encourage our users to eliminate the old service, but also to allow the ICN to recover more of its costs until the service is eliminated.

Action – FY 16 Appropriation Request – Mark Johnson

The FY 16 Appropriation Request is a status quo request and is divided between two different issues. The first issue is the on-going support and providing telecommunications services to state agencies in the amount of approximately \$1 million dollars that will be utilized as ICN pursues a Managed Voice Service (MVS) Contract and Service offering. The intent is to reduce the overall cost to our users and to point ICN in the direction of reducing this request in the future once the Contract is established.

The other half relates to the replacement of IP equipment. It is the required State Appropriated Investment that the ICN must receive to qualify for the State's E-rate funding that the ICN receives thru the FCC as a common carrier. Under those rules, the State of Iowa is required to make this investment to qualify ICN's users for the discount that they receive for the services ICN provides to them. This is not something we can do by reducing rates as federal law requires this qualified investment to be made by the ICN as a state entity. This appropriation is the same amount that we have requested in last few years.

Commissioner Dolan Lange moved to approve the FY Appropriation Request as presented. Commissioner Kohorst seconded the motion. The motion was approved unanimously.

Commissioner Kohorst – Yes
Commissioner Dolan Lange – Yes
Commissioner Lapointe – Yes
Commissioner Bruner - Yes

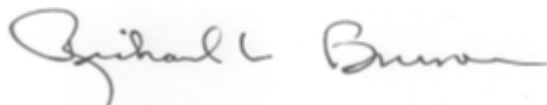
Other Business – Chair Bruner

Chair Bruner gave an update regarding the Executive Director Search. The Commission has made the decision to hire Ric Lumbard as the Executive Director. The decision has been sent to the Governor with a recommended salary level. The Governor sets the salary as provided under Code chapter 8D.

Adjournment

Commissioner Kohorst moved that the meeting be adjourned. The ITTC meeting adjourned at 11:38 a.m.

ATTESTED TO:



Richard Bruner, Chair, Iowa Telecommunications and Technology Commission